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Report to the Chairman, Subcommittee
on Transportation and Related
Agencies, Committee on
Appropriations, U.S. Senate

January 1991

FAA INFORMATION TECHNOLOGY

Complete Cost Data Not Provided to OMB



93-23465



Information Management and
Technology Division

B-242115

January 18, 1991

The Honorable Frank R. Lautenberg
Chairman, Subcommittee on Transportation
and Related Agencies
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

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The Federal Aviation Administration (FAA) invests billions of dollars in information technology such as computer and communications systems. In response to your request of July 3, 1990, we reviewed whether FAA is properly reporting the costs of these resources, as required by the Office of Management and Budget (OMB). Appendix I discusses in greater detail our objective, scope, and methodology.

Results in Brief

To facilitate oversight, OMB requires federal agencies to annually collect and report data on the costs associated with the acquisition, operation, and use of information technology. However, FAA has not provided required data on information technology supporting the air traffic control system, because agency officials believed that these resources did not need to be reported.

The absence of data on air traffic control systems does not allow decisionmakers in the Department of Transportation, OMB, and the Congress to focus needed attention on information technology and understates the level of Departmentwide and governmentwide activity in this area. At the conclusion of our review, FAA officials agreed to start reporting cost data on air traffic control systems.

Background

To assist in the collection and reporting of budget information and formulation of the President's budget, OMB has established Circular A-11.¹ This circular provides detailed instructions on the preparation and submission of annual budgets and associated materials, and attempts to standardize the way data are collected and reported by federal agencies.

¹Executive Office of the President, Office of Management and Budget, Circular No. A-11, Preparation and Submission of Budget Estimates, July 1982.

One of the circular's key requirements is that agencies submit information technology data that include detailed information on the acquisition, operation, and use of all information technology resources. Specifically, agencies must report

- obligations for information technology systems, including expenditure data for the past fiscal year, current fiscal year, and following fiscal year for capital investments; personnel; equipment rental, space, and operations; and commercial, and inter- and intra-agency services;
- expenditure data for automated data processing programs with life-cycle costs greater than \$25 million; and
- costs of major planned information technology acquisitions with life-cycle costs greater than \$5 million for the current fiscal year and the following 5 fiscal years.

These data are used by all levels of the government for oversight and management purposes. Decisionmakers in federal departments, OMB, and the Congress use these data to determine (1) how and to what extent information technology is being used and (2) whether planned information technology investments warrant further review. For example, departments and OMB review this information to assist in their formulation of annual budget submissions. Further, at the Department of Transportation, officials view the information as necessary for management to know where and how the Department is spending its information technology funds. In addition, Congress has found the technology information useful in its budget deliberations.

Reporting of Information Technology Expenditures Is Required

OMB requires agencies to report budget data on information technology resources, as defined by the Brooks Act. The act defines these resources as any equipment or interconnected system or subsystems of equipment that are used in the automated acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by a federal agency, or party under contract with a federal agency. This definition therefore includes computers, ancillary equipment, software, firmware, and related information technology resources and services. OMB officials stated that only classified systems and systems covered by the Warner Amendment² are exempted from this reporting requirement.

²The Warner Amendment exempts the Department of Defense from the Brooks Act when the acquired automated data processing resources are to be used for intelligence, cryptology, command and control, or for equipment that is an integral part of a weapon or weapons system, or that is critical to and in direct support of military or intelligence missions.

FAA Has Not Submitted Complete Information Technology Data

FAA has not submitted all data on information technology expenditures, as required by Circular A-11. Notably missing is expenditure data for information technology resources supporting the air traffic control system. Specifically, FAA's most recent submission identified only about \$182 million in planned obligations for information technology systems for fiscal year 1991. This amount is only a fraction of the total amount FAA will spend on information technology in fiscal year 1991. According to an October 1990 internal FAA task force report, FAA's information technology investment is estimated to be approximately \$3 billion annually.

Senior FAA officials acknowledge that their submissions to OMB have been incomplete and that some air traffic control-related projects should be reported. They stated that their submissions did not include data on information technology supporting the air traffic control system primarily because they believed they had an understanding with OMB that excluded these data from the requirement. According to these officials, this understanding was based on the interpretation that the air traffic control system resembled a Department of Defense on-line, real-time command and control system in that it was specially configured technology and was therefore not required to be included in the Circular A-11 submission.

FAA's senior information resources management official added that he believed the intent of Circular A-11 was to identify common information technology resources within the government that could potentially be used or shared by other federal agencies. Because much of FAA's information technology resources are uniquely designed for air traffic control, he did not believe they needed to be reported. However, he noted, if the objective of Circular A-11 was to identify all automated data processing equipment in the government, then information technology resources supporting air traffic control should be reported.

According to an OMB official responsible for compiling Circular A-11 data, there are no regulations or agreements that exclude the air traffic control system from the reporting requirement. Shortly after our August 1990 meeting with OMB officials to discuss this subject, OMB issued a letter to the Department of Transportation noting that FAA is not reporting obligations for information technology supporting air traffic control, and directing the Department to correct this omission.

FAA's Information Technology Data Omissions Are Significant

Without the data required by Circular A-11, decisionmakers in the Department of Transportation, OMB, and the Congress do not possess key information necessary to focus attention on information technology activities. This attention is necessary because FAA estimates it invests billions of dollars annually in information technology resources, a large portion of which is intended to be used to modernize the air traffic control system. Because of the size and complexity of this modernization effort, the President has designated it as one of the government's nine fiscal year 1991 Presidential Priority Information Systems.

The exclusion of these data significantly understates the level of information technology activity in the Department of Transportation and governmentwide. FAA represents the largest portion of the total amount of obligations and planned expenditures for information technology in the Department. An OMB official added that the magnitude of FAA's information technology investment in the air traffic control area also makes the omission of data very significant governmentwide. In addition, because FAA has not reported complete information technology data as required by OMB guidance, this omission constitutes a material internal control weakness under the Federal Managers' Financial Integrity Act of 1982 (31 U.S.C. 3512 (b) and (c)).³

FAA Plans to Submit Budget Data for Air Traffic Control System

In discussing the results of our review with FAA and the Department, officials informed us that FAA will begin to comply with the Circular A-11 requirement by including all air traffic control system information technology resources. FAA officials stated that they have begun to identify a process to gather complete data. They estimate that they will have some information available for the fiscal year 1992 budget cycle, but indicated that they did not expect to have a complete A-11 submission until the fiscal year 1993 budget cycle because of the time required to compile these data.

Department of Transportation officials believe that FAA's gathering and reporting of this information to date has been hampered by the following factors:

³The Office of Management and Budget has defined a material weakness as a specific instance of noncompliance with the Financial Integrity Act of sufficient importance to be reported to the President and the Congress. Such weaknesses would significantly impair the fulfillment of an agency component's mission; deprive the public of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; or result in a conflict of interest.

- FAA's current organizational structure does not easily facilitate the gathering of accurate data from necessary program officials who are scattered throughout the agency.
- FAA program officials believe that the required budget data are unnecessary to help manage their programs and that they would not be used in making budget decisions because the data are reported in summary form.

Conclusions

FAA is investing billions of dollars in information technology resources. Complete information on the extent of this investment is not available to decisionmakers in the Congress, the Department of Transportation, and OMB because FAA improperly excluded data on air traffic control system resources from OMB-required budget reports. The omission of these data—a material internal control weakness—hinders efforts by decisionmakers to make informed decisions on critical information technology activities. FAA and the Department of Transportation acknowledge that their information technology resources data are incomplete and note that FAA faces challenges in gathering and reporting complete and accurate data for its air traffic control system as it attempts to fully meet the requirements of Circular A-11.

Recommendations

To underscore the importance of this omission and to comply with Circular A-11, we recommend that the Secretary of Transportation report the lack of complete information technology systems data as a material control weakness under the Federal Managers' Financial Integrity Act. This weakness should remain outstanding until FAA fully complies with the requirements of OMB Circular A-11.

We also recommend that the Secretary of Transportation direct the Department's senior official for information resources management to evaluate FAA's actions to comply with OMB Circular A-11 prior to FAA's submission of its fiscal year 1993 budget. This evaluation should include determining if FAA has implemented appropriate processes to ensure that its information technology resources submission will result in complete and accurate data for its air traffic control systems.

Agency Comments and Our Evaluation

FAA officials did not believe that the omission of air traffic control systems information technology expenditure data in key budget documents was significant enough to warrant a material control weakness determination under the Federal Managers' Financial Integrity Act. They noted

that although the reporting of their expenditure data is incomplete, FAA has many other systems in place at various levels to track actual and planned expenditure data.

We do not question FAA's ability to track program-specific expenditure data through the use of other systems. However, FAA and the Department are not able to readily identify the full extent of information technology expenditures. Further, the magnitude of this omission results in a significant understatement of the reporting of governmentwide information technology expenditures.

We plan no further distribution of this report until 30 days after the date of this letter. We will then send copies to interested congressional committees; the Secretary of Transportation; the Administrator, FAA; the Director, Office of Management and Budget; and other interested parties. We will also make copies available to others upon request.

This report was prepared under the direction of JayEtta Z. Hecker, Director, Resources, Community, and Economic Development Information Systems, who can be reached at (202) 275-9675. Other major contributors are listed in appendix II.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Ralph V. Carlone". The signature is fluid and cursive, with the first name "Ralph" being more prominent.

Ralph V. Carlone
Assistant Comptroller General

Objective, Scope, and Methodology

In response to the request of the Chairman, Senate Committee on Appropriations, Subcommittee on Transportation and Related Agencies, our objective was to determine whether FAA was properly reporting costs for computers and communications, as required by OMB.

To address this objective, we reviewed OMB guidance and applicable statutes concerning the procurement and management of automated data processing equipment and telecommunications resources. We analyzed OMB Circular A-11 guidance on submitting Exhibit 43A, "Report on Obligations for Information Technology Systems," and Exhibit 43B, "Major Information Technology Acquisition Plans." We also met with OMB policy analysts to obtain OMB's view of FAA's information technology systems budget data.

We analyzed Department of Transportation policies, procedures, and guidance for developing OMB Circular A-11 budget data, and its Consolidated Automation and Telecommunications 5-Year Plans. We met with key officials from the Department's Information Resources Management office to discuss these documents and FAA's information technology systems budget. We also reviewed and analyzed FAA's 1990 and 1991 information technology systems budget requests. We met with officials of FAA's Information Resources Management and Budget offices and with the Associate Administrator for Administration to discuss FAA's views of the information technology systems budget.

We conducted our work between August and December 1990, at OMB, Department of Transportation headquarters, and FAA headquarters in Washington, D.C. Our work was conducted in accordance with generally accepted government auditing standards. We discussed the contents of this report with OMB, Department of Transportation, and FAA officials, and have reflected their views in the report where appropriate. In addition, we obtained official oral comments from Department of Transportation and FAA officials on a draft of this report. These comments and our analysis are also included in this report.

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